(b) whether LIC is giving more attention and importance to its investments in equity rather than policyholders;

(c) what steps Government propose to re-orient the LIC to serve the policy holders;

(d) the steps taken by LIC in 1994-95 to help small policy holders; and

(e) if so, the details of such steps?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) The Life Insurance Corporation of India (LIC) have reported that about 56 per cent of their business during the financial year 1993-94 came from policies where sum assured was Rs. 25,000 or less. Being a service institution they reported that they do not discriminate between small and big policyholders.

(b) Investments made by the LIC are aimed at maximising the returns to the policyholders on the premium income generated. This is an essential constituent of the service rendered to the policyholder. There is no conflict between the investment function and the interests of the policyholders. While the entire organisation of LIC at Branch, Division and Zonal levels strives to improve the customer service to the policyholders, the investment function which is highly technical is being handled centrally at the corporate office of the LIC.

(c) to (e) The LIC have reported that all the policyholders' services have been decentralised to Branches to render prompt and personalised services to policyholders at the nearest point. The LIC have set up Claims Review Committees at the Branch Office, Zonal Office and Central Office level to review the repudiated claims from time to time. Customers' Meets and Consumers' Education Programmes have been organised to educate the policyholders about the role of LIC and to know the expectations of the policyholders. Workshops have also been arranged for employees of most of the branches on customers' satisfaction and grievance redressal during the year 1994-95. Because of their continuous efforts to improve customer service, the LIC have reported that the complaints per thousand mean number of policies in force came down from 0.35 in 1990-91 to 0.23 in 1993-94.

Increase in Money Circulation

1110. SHRI CHIMANBHAI MEHTA:
SHRI G. G. SWELL:

Will the Minister of FINANCE be pleased to state:

(a) what are the factors that have pushed inflation into double digit;

(b) whether inflation is related to the process of liberalisation;

(c) if so, the details thereof and if not, the reasons therefor;

(d) whether Govt's internal borrowing is related to the process of liberalisation, if so, how and why;

(e) whether higher inflow of foreign currencies converted into rupee is intensifying inflation;

(f) whether the RBI is printing new currencies to convert foreign currencies into rupee and thereby increasing money circulation which causes inflation;

(g) what amount of increase has taken place in money circulation during the last three years; and

(h) whether Government follow the principle of growth of money circulation in accordance with the growth of GDP?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKRA MURTHY): (a) Broadly the reasons for the latest rise in the prices are ascribed to the following factors;

(i) production shortfalls in 1993-94 in sugar, cotton, jute and groundnut causing short term supply imbalances leading to sharp rise in their prices;

(ii) spill over effect of administered price increase in wheat, rice, sugar and energy inputs in later months of 1993-94;

(iii) cumulative impact of large increase in minimum support prices continuously for past three years has resulted in higher primary products prices and produced upward pressure on the wage goods;

(iv) Fiscal deficit continuing on the highside; and

(v) high growth of monetary variables, mainly because of strong build up of foreign exchange reserves.

(b) to (d) The liberalisation process is not the cause of the recent uptrend in prices nor is it directly related to Government's internal borrowing.

(e) Higher inflows of foreign currencies in the form of increased foreign exchange reserves tend to lead to higher monetary expansion, which is one of several factors contributing to inflation.

(f) RBI does not print new currency for converting foreign currencies into rupee.

(g) and (h) The amounts of increase in Money Supply (M3) in the last three financial years are as under:

	Rs. '000 crores
1991-92	50.4
1992-93	50.9
1993-94	66.7

Reserve Bank of India projects money supply (M3) growth keeping in view various macro-economic variables including expected growth in GDP.

Instalment of insured policy

1111. SHRI SATISH PRADHAN: Will the Minister of FINANCE be pleased to state:

(a) what are the elements taken into consideration for determining the instalment on insured policy;

(b) whether all these elements are covered in every instalment of the policy; and

(c) whether all the amount of instalment are refunded to the policyholder without any restrictions for qualifying period in case of lapsed policies; if not the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) The LIC have informed that the elements taken into consideration for determining premium rates are Mortality, Interest and Expenses.

(b) LIC have informed that the Tables of premium rates are constructed based on all the elements mentioned in (a) above.

(c) No, Sir. LIC have informed that the initial expenses incurred and the cost of risk cover provided during the period the policy was in force, do not make it possible for a life insurance company to refund to the policyholders all the instalments received when a policy lapses.

Insurance Act and LIC Act

1112. SHRI SATISH PRADHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Insurance Act of 1938 and LIC Act of 1956 are still in vogue: